

CITY COUNCIL AGENDA ITEM COVER MEMO

FOR AGENDA OF COUNCIL MEETING/WORK SESSION - DATE : August 9, 2012

ACTION REQUESTED BY: Huntsville Utilities

SUBJECT MATTER : TVA Agreement

EXACT WORDING FOR AGENDA: Resolution authorizing the Mayor to execute a Preliminary Work Agreement Covering Arrangements for TVA to perform preliminary work activities associated with the Charity Lane 161 kV Substation. (Utilities: Electric)

ORDINANCE:

RESOLUTION: X

MOTION:

(IF AMENDMENT, STATE TITLE AND NUMBER OF ORIGINAL): N/A

ITEM IS TO BE CONSIDERED FOR:

INTRODUCTION:

ACTION: X

DISCUSSION:

UNANIMOUS CONSENT REQUIRED? No

BRIEFLY STATE WHY THE ACTION IS REQUESTED; WHY IT IS RECOMMENDED OR NOT RECOMMENDED; WHAT COUNCIL ACTION WILL PROVIDE, ALLOW, OR ACCOMPLISH; ANY ASSOCIATED COST; BUDGETED (?); AND ANY OTHER INFORMATION THAT YOU THINK MIGHT BE HELPFUL. Approval of this resolution will authorize the Mayor to execute a Preliminary Work Agreement Covering Arrangements for TVA to perform preliminary work activities associated with the Charity Lane 161 kV Substation to accommodate double-circuit under-built circuits. This contract allows TVA to incorporate Huntsville Utilities lines onto the new TVA pole line, thus saving right-of-way space, tree clearing, and reducing the number of poles.

MAYOR RECOMMENDS OR CONCURS? YES _____ NO _____ N/A _____

SIGNATURE: William C. Pippin, President & CEO

DATE: July 25, 2012

RESOLUTION NO. 12-_____

WHEREAS, the City of Huntsville, Alabama (hereinafter referred to as Distributor), and Tennessee Valley Authority (hereinafter referred to as TVA), did heretofore enter into a contract dated May 26, 1980 (which contract, as amended and supplemented, is hereinafter called the Power Contract); and

WHEREAS, TVA has proposed constructing a double circuited 161-kV transmission line extending from TVA's Madison 500/161-kV Substation to Distributor's planned Charity Lane 161-kV Substation; and

WHEREAS, Distributor has requested that TVA design and construct additional facilities, including structures with additional space, height and strength, on approximately 3.9 miles of the transmission line to accommodate two underbilt 46-kV distribution circuits; and

WHEREAS, the parties wish to agree upon the terms and conditions for TVA to perform the preliminary work activities; and

WHEREAS, there is now presented to the City Council of the City of Huntsville, Alabama, an agreement confirming the overall work scope for modification and construction of TVA's planned transmission line to accommodate the underbuild project, with the representation that the said agreement has been approved by the Huntsville Electric Utility Board.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that it does approve the aforesaid Agreement and Tommy Battle, as Mayor of the City of Huntsville, Alabama, be, and he is authorized to execute said agreement for and on behalf of the City of Huntsville, Alabama, and the Clerk-Treasurer be and he is hereby authorized to attest the same and to affix thereto the seal of the City of Huntsville, Alabama, all in as may counterparts as may be necessary.

BE IT FURTHER RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to enter into an agreement by and between the City of Huntsville and the Tennessee Valley Authority on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as "Preliminary Work Agreement between City of Huntsville, Alabama, and Tennessee Valley Authority," consisting of 3 pages and the date of _____, 2012, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the _____ day of _____, 2012.

President of the City Council of
The City of Huntsville, Alabama

APPROVED this the _____ day of _____, 2012.

Mayor of the City of Huntsville,
Alabama



7/12
Electric Bd
WGP

Tennessee Valley Authority, 4960 Corporate Drive, Suite 125F, Huntsville, Alabama 35805-6221

July 12, 2012

Mr. William C. Pippin
President and Chief Executive Officer
Huntsville Utilities
Post Office Box 2048
Huntsville, Alabama 35804-2048

Dear Bill:

Enclosed for your review and execution are triplicate originals of a proposed Preliminary Work Agreement covering arrangements for TVA to perform preliminary work activities. The work is associated with TVA's design and construction of additional facilities on the 3.9 miles of the double-circuit 161-kV transmission line from TVA's Madison 500/161-kV Substation to Huntsville Utilities' planned Charity Lane 161-kV substation to accommodate your planned double-circuit under-built circuits.

Upon execution of the Preliminary Work Agreement by Huntsville Utilities, all of the originals of the agreement should be returned to me for further handling. Upon execution by TVA, two fully executed originals of the Preliminary Work Agreement will be returned to you. Please note that the agreement will be dated by TVA upon its execution.

If you have any questions concerning this agreement, please contact me at (256) 386-2614.

Sincerely,

Kevin

Kevin C. Chandler *by Allen*
Senior Customer Service Manager

Enclosures

PRELIMINARY WORK AGREEMENT
Between
CITY OF HUNTSVILLE, ALABAMA
And
TENNESSEE VALLEY AUTHORITY

Date: _____

TVA Contract No. 6204

THIS AGREEMENT, made and entered into between CITY OF HUNTSVILLE, ALABAMA (Distributor), a municipal corporation created and existing under and by virtue of the laws of the State of Alabama, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

W I T N E S S E I H:

WHEREAS, Distributor purchases power from TVA for resale at specified delivery points under Power Contract TV-54501A, dated May 26, 1980, as amended (Power Contract); and

WHEREAS, TVA has proposed constructing a double circuited 161-kV transmission line (Transmission Line) extending from TVA's Madison 500/161-kV Substation to Distributor's planned Charity Lane 161-kV Substation (New Substation); and

WHEREAS, Distributor has requested that TVA design and construct additional facilities, including structures with additional space, height, and strength, on approximately 3.9 miles of the Transmission Line to accommodate two underbuilt 46-kV distribution circuits (Underbuild Project); and

WHEREAS, the parties wish to agree upon the terms and conditions under which TVA will perform preliminary work activities related to the Underbuild Project (Preliminary Work);

NOW, THEREFORE, for and in consideration of the premises and of the agreements set forth below, and subject to the provisions of the TVA Act, the parties agree as follows:

SECTION 1 - PRELIMINARY WORK

TVA shall proceed with Preliminary Work, which shall include planning, scoping, surveying, siting, design, and engineering.

SECTION 2 - PROJECT AGREEMENT

2.1 Project Agreement. TVA and Distributor plan to negotiate in good faith and enter into a contract (Project Agreement) to cover the overall work scope (including Preliminary Work) for modification and construction of TVA's planned Transmission Line to accommodate the Underbuild Project. Distributor shall be required under the Project Agreement to reimburse TVA for the total cost of the Underbuild Project. If

TVA and Distributor enter into the Project Agreement, all costs incurred by TVA for Preliminary Work will be included as costs incurred under the Project Agreement.

2.2 OM&R Charges. The Project Agreement may also include provisions for any applicable ongoing operation, maintenance, and replacement charges associated with the completed Underbuild Project.

SECTION 3 - CANCELLATION

3.1 Cancellation of Underbuild Project. If, at any time prior to execution of a Project Agreement, (a) TVA receives a written request from Distributor to stop the Preliminary Work, (b) direct costs (not including applicable overheads) incurred for Preliminary Work exceed \$300,000, or (c) TVA and Distributor do not enter into the Project Agreement within 30 days after the date on which TVA submits a proposed Project Agreement to Distributor, TVA shall be entitled to stop all Preliminary Work immediately. Unless TVA and Distributor agree otherwise in writing, following any such work stoppage, TVA shall consider the Underbuild Project cancelled and shall issue an invoice to Distributor for all costs incurred for Preliminary Work (TVA Costs), which shall include all overheads applicable to direct costs incurred for Preliminary Work and any costs or losses incurred by TVA to cancel pending orders, change the Transmission Line design, return materials and equipment to the vendors, or move materials and equipment that are reusable to another location.

3.2 Statement. TVA shall provide Distributor a detailed statement of TVA Costs upon settlement of payment obligations under this agreement.

SECTION 4 - NOTIFICATION

Any written notice required by this Agreement shall be deemed properly given if delivered in writing to the address specified below (a) personally, (b) by recognized overnight courier service, or (c) by United States Mail, postage prepaid.

For Distributor
Mail Notices to:

Mr. William C. Pippin, President and CEO
Huntsville Utilities
Post Office Box 2048
Huntsville, Alabama 35804-2048

For TVA
Mail Notices to:

Senior Manager, Power Contracts, WT 3D-K
Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902-1401

The designation of the person to be so notified, or the address of such person, may be changed at any time and from time to time by either party by similar notice.

SECTION 5 - TERM OF AGREEMENT

This agreement shall be effective as of _____, and shall continue in effect until (a) the effective date of the Project Agreement or (b) all obligations of the parties under this agreement have been fulfilled.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

CITY OF HUNTSVILLE, ALABAMA

By _____
Title:

TENNESSEE VALLEY AUTHORITY

By _____
Title: